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FOREIGN AGRICULTURE

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Cargo ships, Rijeka.

East Europe's New Ports

Foreign
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OF AGRICULTURE

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Cargo vessels are double berthed at the Yugoslav port of Rijeka because of inadequate dock space. Improvements underway at this and other East European ports will facilitate the region's international trade. See article beginning this page.

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New Ports To Spur Growth Of East Europe's Trade

By MILES J. LAMBERT

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WITH AN EYE ON expanding their trade, the countries of Eastern Europe are mounting a vigorous offensive aimed at improving their transportation networks—notably seaports. The projects are also keyed to a desire to shift away from too high a dependence on intra-Bloc trade, and could enhance U.S. sales to the region.

A number of recent developments reflect the growing focus on ocean transportation. Two brand-new ocean ports are being completed—one at Bar, Yugoslavia, the other at Constanta-Sud-Agigea, Romania. Improved access to the Greek port of Salonika is being provided. Significant expansion is underway at a minimum of six other seaports in the region—Swinoujscie, Poland; Rijeka, Bakar, Koper, and Ploce in

Yugoslavia; and Mangalia, Romania.

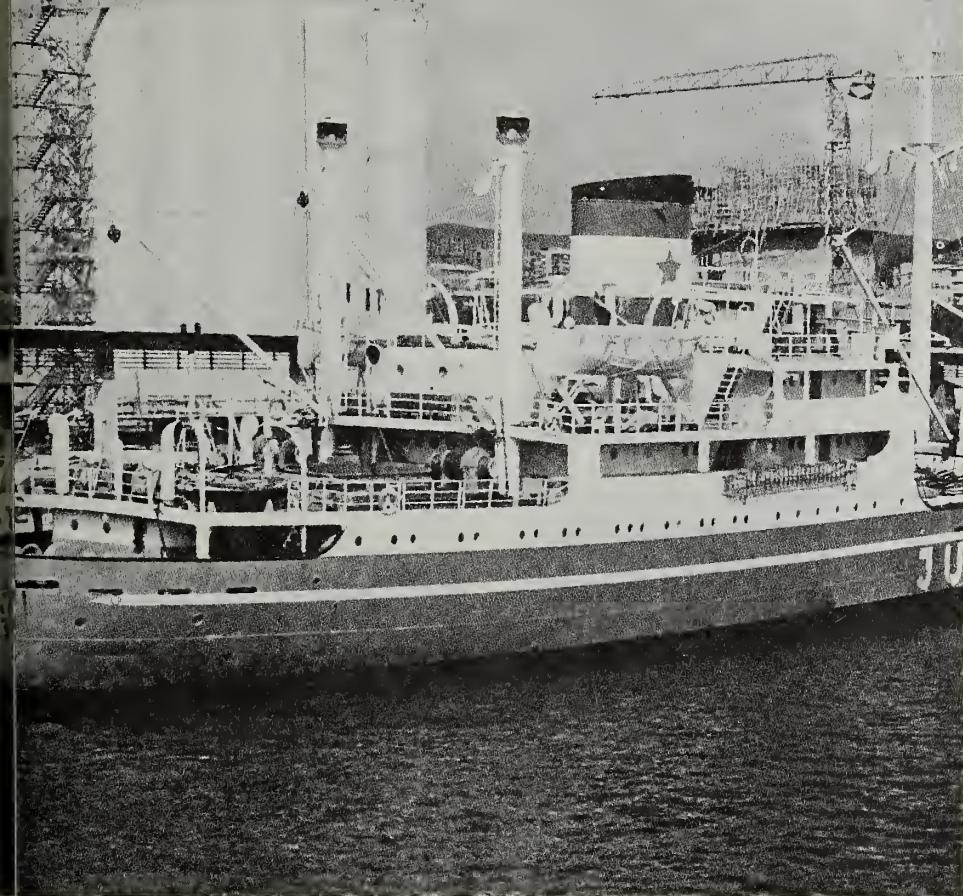
Other gateways for trade are being provided by improvements in Danube ports, which are being modernized and frequently enlarged to provide access for ocean vessels. Such expansion is in progress at five Danube ports—Bratislava, Pancevo, Galati, Braila, and Tulcea.

The opening of the Suez Canal has also heightened East European interest in improving Balkan ports, which will serve as trade links with Persian Gulf and Far Eastern markets.

Transportation, in recent years, has been a relatively neglected sector of East European economies. Subsidized freight rates have benefited imports and exports. Transportation firms were also subsidized, but at a level too low

SITES OF CURRENT DEVELOPMENTS IN EAST EUROPEAN TRANSPORTATION





Freighters, top and left, load cargo at the Yugoslav port of Rijeka, where \$4 million will be spent to create the deepest port on the Mediterranean. With a silo capacity of 32,000 tons (top), Rijeka handles almost half of Yugoslavia's shipping tonnage. Scale model, left, shows improvements to be made at the port of Koper, Yugoslavia, a transshipment point for goods to Hungary, including U.S. soybean meal.

for necessary improvements to be made. If the current emphasis continues, a dramatic change in this situation could occur in the next 5-10 years.

Also, foreign exporters, importers, and carriers alike will benefit from improved transportation systems that will reduce costs and improve delivery times for all products, including raw and processed agricultural goods and farm equipment—important in U.S. trade with the region.

On the other hand, improved access to and from East Europe will work to the advantage of suppliers that compete with the United States in these markets, notably those in the European Community. At times, for example, grain shipment costs from EC Atlantic ports to East European ports have been higher than those from the United States—one reason for high EC export subsidies.

ADDITIONALLY, processed farm goods from Eastern Europe could become more competitive with U.S. products in third-country markets. This will depend largely, however, on whether East European countries are able to remedy their current shortage of containerships and refrigerated ships.

Improvement of East Europe's port facilities will provide better trade access to and from the Soviet Union, but the USSR's principal interest in the projects is their role in making the non-Bloc trade of East European countries more competitive.

Expanded trade with non-Bloc markets is virtually a necessity under the economic order now emerging within CEMA (the economic organization of Communist states.) Efficient transportation will help considerably to keep the cost of East European goods attractive to non-Bloc customers.

East European countries will have to boost sales outside of the Bloc to balance their growing imports of Western machinery and technology.

In the past, foreign exchange shortages have caused the Soviets to forego purchases of some items altogether or to take them from Eastern Europe under bilateral agreements — often sacrificing quality and technological considerations.

As the Soviet Union increases foreign exchange earnings from raw material sales to the West, however, its purchases of Western goods are likely to climb, even posing competition for some items

traditionally taken from Eastern Europe. Under these circumstances, upgrading the quality of manufactured goods exported to the Soviet Union, as well as to the West, will be important for Eastern Europe. And additional purchases of up-to-date technological inputs will be necessary for quality improvement.

Although the Soviet Union is encouraging non-Bloc trade, it is not seeking to loosen Eastern Europe's economic dependence. Rather, dependence will be maintained through a policy of economic cooperation—a long-term Soviet goal previously soft-pedaled by its CEMA trading partners. Such cooperation is seen as a means for creating a frame-work for objectively lowering costs, increasing efficiency and specialization, and fostering greater competitiveness in non-Bloc markets.

The improved transportation network represents just one aspect of the emphasis on economic cooperation. Also emerging are projects for joint research in all fields, resources pooling (including labor), joint use of industrial facilities, and joint exploitation of natural resources. Intra-Bloc trade will, however, continue to be an essential feature of the CEMA partnership by virtue of lower commodity prices—on the rise, but still below world levels.

Ocean transportation is of first importance in East Europe's push to increase its volume and share of international trade. Initially, the ocean transportation projects will be costly, when port investments are added to the costs of enlarging and modernizing fleets. Additionally, fuel expenditures are up because of larger, costlier, purchases from OPEC nations and higher prices of fuel traded within CEMA.

In the long run, Eastern Europe is counting on the new transport network to help offset these costs. Thus, even though fuel costs are boosting rates per ton per mile, sales on new markets, together with reduced milage on established routes—should eventually boost profits substantially. New ocean ports will, for example, enable imports to be landed closer to their final destinations, and exports can be dispatched from points closer to production sites.

Eastern Europe's improved transportation network will reduce foreign exchange spending for the maritime services of non-CEMA nations, and will lessen demands on the Soviet merchant fleet. Dependence on foreign ships for

ocean transport varies from country to country and is, of course, considerably higher for the landlocked nations.

Although figures are not readily available for all countries, Hungary reportedly transports 85 percent of its ocean cargo in foreign bottoms; Poland, 50 percent; East Germany, 40 percent; Romania, not less than 30 percent; and Bulgaria, 15 percent (over half said to be shipped in Soviet vessels).

Nor will the whole focus be on ocean movements. Roads and rail lines are to be improved for inland transportation. River transport will be developed as a cheaper alternative to overland routes, and will relieve traffic pressures on them as well.

Northern ports. The northern countries of the region naturally concentrate their attention on Baltic and North Sea ports. In 1973, Poland and East Germany established a joint organization, Interport, for coordinating port shipments, principally through Szczecin in Poland and Rostock in East Germany.

DURING 1974, Interport initiated plans for improving facilities at another Polish port—Swinoujscie. When completed, the port will be capable of handling up to 2.5 million tons of grain and feed concentrates annually.

In a joint project with Hungary and Czechoslovakia, Interport also plans facilities at Swinoujscie for receiving up to a million tons of fishmeal annually. Construction of a new port at Dziewno, Poland, for bulk and liquid cargoes is also being discussed.

General and bulk cargoes destined for Czechoslovakia also arrive via the North Sea, mostly transshipped through the Polish port of Szczecin. Although figures on tonnages are not available,

an increase in traffic is expected. Czechoslovakia operates most of its 11 ships from ports in northern CEMA countries, but Hamburg is also utilized.

Hungary also uses Polish ports for the transit of 1 million tons of goods each year.

Southern ports. After more than a decade of negotiations, Bulgaria recently signed an agreement with Greece for use of the port of Salonika as a transit zone for goods to and from Bulgaria. Signing of the agreement removes a stubborn obstacle to improved efficiency. Use of the port will lower Bulgaria's shipping costs appreciably. In return, Greece has received transit rights in the Bulgarian Danube ports of Vidin and Ruse on the Romanian border.

Underlying Greece's final acceptance of the agreement, which was long delayed by Greek internal political problems, is the country's desire to develop markets in Eastern Europe, despite the agreement's cost-lowering effect on Bulgarian exports—oriental tobacco, wine, fruits, and cheese—which are exported in competition with Greek products.

For Bulgaria, increased sales of farm goods, the major means of purchasing inputs for industrial development, is one of the objectives of the agreement, since Bulgaria is setting its sights on Middle East and Japanese markets. The Salonika arrangement augurs particularly well for Bulgarian agricultural exports, including a greater volume of processed items.

The Plovdiv region in southern Bulgaria will benefit most from trade through Salonika. Plovdiv is at the heart of the country's intensive crop region, and is also a center for process-

EASTERN EUROPE: TOTAL OCEAN FREIGHT TRAFFIC¹

Country	1960		1973	
	Tons/km	As percent of all goods traffic ^{2,3}	Tons/km	As percent of all goods traffic ^{2,3}
Bulgaria	Mil. Tons/km	Percent	Mil. tons/km	Percent
Bulgaria	2,540	23.0	39,113	63.0
Czechoslovakia	7,472	13.1	12,127	13.8
East Germany	10,518	21.9	78,542	57.1
Hungary	230	1.5	3,645	11.5
Poland	34,828	33.6	148,937	52.5
Romania	1,065	4.7	40,062	39.4
Yugoslavia	25,288	58.1	86,493	71.9

¹ In country's own ships only. ² Railroad, river, road, and pipeline transport in addition to ocean. ³ Not including pipeline transport for Yugoslavia. (Sources: CEMA Yearbook, Yugoslav Statistical Yearbook.)

ing many agricultural products, including fruit, vegetables, and cigarettes.

The Greek-Bulgarian agreement, which is renewable, will be in effect for 10 years. Although the Bulgarians will be subject to higher labor costs at Salonika, some of the pressures on the Bulgarian Black Sea ports of Varna and Burgas will be relieved. Problems besetting importers and exporters using these ports include inefficient scheduling of rail and truck transportation, labor shortages, and poor organization.

THE RESULT has been slow turnaround times for vessels, a backlog of goods for export, stockpiles of imports awaiting transport inland, and deterioration of industrial products because of insufficient indoor storage facilities.

In February 1975, Yugoslavia's 50-year agreement with Greece for a self-contained free trade zone at Salonika lapsed. A renewable agreement was signed extending privileges for a transit zone for 10 years. In 1973, the turnover of goods in the Yugoslav free trade zone at Salonika amounted to about 200,000 tons.

Actually, Salonika is of limited importance to Yugoslavia, since Yugoslav ports handle about 21 million tons of goods each year, including 4.3 million tons of transhipments. Northern Yugoslav ports are important transshipment ports for Hungary and Czechoslovakia. Although Yugoslavia has only observer status in CEMA, these countries account for over 30 percent of its trade and seaport developments there are important for the foreign trade of the region.

Salonika's usefulness for southern Yugoslavia may decline even further as facilities are developed at the Yugoslav port of Bar on the Adriatic in Montenegro. A railroad will connect the region with Belgrade by 1976. With a \$44-million World Bank loan paying half the costs, Bar will be able to handle 4.3 million tons of goods annually by 1980, compared to 1.2 million tons at present.

Plans are also underway to expand other Yugoslavian Adriatic ports during the next 5 years. At Rijeka, \$4 million will be spent to create the deepest port on the Mediterranean, hopefully by 1976. Rijeka, which has a silo capacity of about 32,000 tons, currently handles almost half of Yugoslavia's shipping tonnage.

Also, about \$1.7 million is scheduled for investment in Bakar, a Yugoslav transloading port near Rijeka, with the aim of doubling traffic by 1977, compared with 1974. The relatively new Yugoslav ports of Koper and Ploce are not yet completed, but now handle about 4.5 million tons of goods annually.

About \$1.7 million will be spent to construct a container terminal at Koper, across the Istrian peninsula from Rijeka. Ploce is eventually to be a transit center for about 5 million tons of transhipments to and from Czechoslovakia and Hungary.

Development of these facilities will help Yugoslavia to step up its agricultural exports. New emphasis is being placed on trading with the OPEC nations and less-developed countries, and Yugoslav meat exports—which have previously been going mainly to EC countries—are now going to Libya, Kuwait, and Liberia. Because of increased meat production, Yugoslavia is one of East Europe's top importers of U.S. and other oilseed meals.

One Yugoslav shipping firm has already joined with companies in other Mediterranean countries to establish a container service between Rijeka and the Middle East, using leased ships. Despite the economic importance of shipbuilding, Yugoslavia is far from self-sufficient in carrying its goods.

Czechoslovakia is as dependent, if not more so, on Yugoslav Adriatic ports as it is on North Sea ports and is discussing the investment of \$10 million, over the next 5 years, to improve storage and other facilities at Rijeka, which transports about 1.4 million tons of Czech goods annually. Credits would also be made available to Yugoslavia to expand bulk cargo capacities at Bakar.

The Yugoslav port of Koper in Slovenia is a major transshipment port for Hungarian imports—including U.S. soybean meal. In 1974, 540,000 tons of Hungarian imports—mostly animal feed, sugar, and iron—passed through Koper. Hungary has agreed to contribute 49 percent of \$17 million to be invested in a phosphate terminal and feedgrain silo complex, to be completed in 1976 and 1978, respectively.

Land-locked Hungary presently owns 18 ships and operates most of them from the Adriatic and from lower Danube ports, with barge traffic up to Budapest. Hungarian ships also utilize the ports of Rotterdam and Antwerp.

Hungarian vessels operate monthly service to Tunisia, Algeria, Spain, and Morocco. Ports in South America and Asia—India, Persian Gulf, Indonesia, and Singapore—are each served by two ships.

Consistent with other port development projects, Romania is building a new ocean port at Constanta-Sud-Agigea, and is refurbishing the port of Mangalia.

Inland transportation. River transport figures prominently in Eastern Europe's transportation plans.

At present, CEMA countries are discussing a new port on the lower Danube, which will improve ocean vessel-to-barge transfers. These plans are likely to focus on Romania. Expanded transshipment facilities and privileges in Romania could stimulate U.S. sales to Hungary and Czechoslovakia. Romania's Danube ports of Braila, Galati, and Tulcea are being prepared to handle ocean vessels and are to include container terminals. In the future, a canal is to be built connecting the Black Sea at Constanta-Sud-Agigea with the Danube.

Yugoslavia will spend about \$2.4 million to expand the Danube port of Pancevo, near Belgrade. More than 1 million tons of goods were handled there in 1974, a quantity expected to quintuple by 1980 when expansion is completed. Currently several 50,000-ton-capacity grain silos are being constructed.

DANUBE TRADE is particularly crucial for inland Czechoslovakia and Hungary. Czech port facilities at Bratislava, are scheduled to be enlarged from their current 2-million-ton annual capacity to 4 million tons by 1979 and to 8 million tons by 1985. Hungary, Poland, and the Soviet Union will aid in the construction.

Danube ports will be even more significant with the completion of the Europe Canal (Danube-Main-Rhine) connecting Budapest to Rotterdam. Target date is 1982 and West European offshoots of this main link are already being constructed.

At the same time, a contemplated Danube-Tisza canal in Hungary would connect the Rotterdam-Budapest-Black Sea route to the rail junction at Zahony, Hungary—adjacent to the Ukraine. In addition to improving intra-CEMA trade, the route will assist trade move-

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Brazil's 1975 Castorbean Crop To Be Under 1974's

By W. GARTH THORBURN

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REFLECTING a drop in world castor-oil prices and large in-country oil stocks, Brazil's castorbean crop is expected to fall precipitously this year from last year's record level.

Since Brazil produces about half the world's castorbean supply, last year's big output played a prominent role in bringing world production to 1.13 million tons, the highest volume on record. (India, the USSR, and Thailand produce about 30 percent.)

Brazil's production of castorbeans in 1976 will probably be about the same as the 1975 level, or lower. The oil export supply is expected to be maintained at a high level and prices controlled so as to keep an adequate flow into world markets to prevent substitutes from taking over.

Brazil's 1975 castorbean crop is estimated at 320,000 metric tons, about 40 percent less than the 1974 record of 540,000 tons. The country's castor-oil output in 1974 was 234,000 tons.

Currently no official production figures are published by the Brazilian Government and output estimates for recent years are based on data supplied by the trade. But, according to official data available through 1971, São Paulo and Bahia have historically been the country's major producing States. Since figures for São Paulo combined production from both São Paulo and Paraná States, it appears that Bahia's output is the largest.

Some trade sources estimate 1975 output as low as 280,000 tons, with most of the decline being in São Paulo-Paraná regions. But, since castor plants grow wild in much of the two-State area and farmers merely have to pick and dry the beans this estimate seems to be low.

Brazil's exports of castoroil (no beans are exported) have shown a steady rise since at least 1973, but unit value has declined. Brazil shipped 132,000 metric

tons of oil in 1973 and 157,000 the following year. But because prices had declined by more than \$100 per ton during that period, the export value rose only \$8 million to \$130 million in 1974.

Export volume and earnings in 1975 are expected to be 160,000 tons worth about \$90 million, prices again having fallen significantly.

Historically, the United States and France, along with the Netherlands, have been the most important markets for Brazilian castoroil. During the 1970-73 period, U.S. purchases averaged 38,670 tons a year, the highest level being 49,660 tons in 1970. Detailed export data for all of 1974 are not yet

available, but during the first 6 months of the year Brazil's shipments of castoroil to the United States totaled 29,350 tons and should be close to 40,000 tons for the entire year.

Exports to France have roughly kept pace with those to the United States—averaging 33,900 tons a year between 1970 and 1973. In 1973, however, exports to France were only 22,000 tons. The year before, France bought castoroil and seed from India and Thailand, but not enough to compensate for its reduced purchases from Brazil.

Brazil's castoroil exports to the Netherlands—another important European Community purchaser—were 43,000 tons in 1973, but averaged only some 27,000 tons annually over the past 4 years.

As a bloc, the Community is the most important purchaser and consumer of Brazilian castoroil. Between 1970 and 1973, EC purchases of Brazilian castoroil averaged 78,800 tons a year. The highest 1-year total was in 1970 when the Community took 86,680 tons of Brazil's castoroil exports.

Russia is also an important Brazilian customer, taking an annual average of

Iran Imports More U.S. Livestock

IRAN'S rapidly rising level of meat consumption, brought about largely by higher per capita incomes and population growth, has resulted in a substantial increase in the numbers of cattle imported from the United States.

In the period December 30, 1974-February 13, 1974, about 640 U.S.-bred dairy heifers were received in Iran, compared with slightly more than 800 head delivered in all of calendar 1974.

As the new alfalfa crop matures, it is expected that cattle imports from the United States will increase to two or three plane loads weekly. Also, the Government has announced an increase in its feedgrain import program as a means of obtaining adequate supplies of feedgrains to meet the expected increase in demand.

Although the Government's top agricultural development priority is in the livestock sector, little forward momentum was discernible in this area in 1974. Revisions in the Fifth Five-Year Development Plan, however, indicate the Government's anticipation of greater future investment in the live-

stock sector.

The Government has recently established the Iran Agriculture Development Organization to develop and improve the country's livestock industry. The main duties of the IADO are to:

- Expand veterinary services;
- Import high-quality dairy cattle to meet the need for fresh milk as a source of protein for school children and others;
- Expand and develop pasteurization factories;
- Encourage livestock producers with low-interest loans, subsidized feed, Government-paid animal transportation costs, and technical assistance;
- Establish dairy farms within farm co-ops.

It will be some time before the IADO becomes fully operational, and in the meantime the country's livestock development will be carried on by those already in the business of producing meat and milk. Producers are in a cost-price squeeze because of the fixed retail price of fluid milk and rapidly rising input costs.

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5,220 tons in the 4-year period. Brazil shares the Soviet market with India.

Current reports indicate that Brazilian castorbean farmers get the equivalent of 10.7 U.S. cents per kilogram. (Based on an exchange rate of NCr\$1=12.6 U.S. cents.) Producers claim that the break-even point is about 13.8 cents per kilo, so they are currently losing money. At the break-even figure, a 60-kilogram bag would give a return of \$8.32.

The average per-ton export price of castoroil in 1973 was \$932, declining to an average of \$824 in 1974, dropping still later to \$560 per ton. But some observers believe that an export price of \$400 per ton is enough to give a return to the producer, enabling him to make a profit.

Northern and southern castorbean producers have combined their export operations under a program conceived by the Bank of Brazil and administered by a trade representative. Under the program, all export contracts must be reviewed by the representative and approved by the Bank. The idea is to control the level of exports and stabilize the market by eliminating competition

between the two producing regions. Reportedly, the program's aim is to hold the export price at \$560 per ton, f.o.b. Brazilian ports, for the rest of 1975.

The record 1974 castorbean production and the accompanying high level of castoroil output, plus the 65,000 tons of oil carried over from 1973, made 299,000 tons of oil available for export and domestic use last year. Of this amount, only 157,000 tons were exported and an estimated 30,000 tons were consumed locally. As a result, the oil carryover into 1975 was twice that of the previous year's.

But because castoroil production is expected to be about 35 percent lower in 1975 at 153,000 tons—with the crush remaining about the same—the available export supply will be roughly 265,000 tons, a drop of 11 percent from the 1974 high. If 1975 foreign sales are only slightly higher than 1974's—at 160,000 tons—and domestic consumption remains the same as last year's stocks will be reduced considerably and prices will eventually be stronger, provided other castoroil producers do not have excessive supplies.

Due to improved range conditions in the summer of 1974 and a Government prohibition on killing young lambs and pregnant ewes, sheep numbers increased slightly in calendar 1974. Cattle numbers also increased, and this trend is expected to continue through 1975. There were no serious outbreaks of animal diseases reported in 1974.

Iran's cattle population in 1974/75 was estimated at 7 million head, compared with 6.3 million in 1973/74; sheep, 35 million, compared with 34 million a year earlier; goats, 15 million in each year; buffalo, 265,000 in each year; and hogs, 60,000 in each year.

Although no official Iranian import data have been published since March 1974, the following selected figures indicate the magnitude of Iran's volume of meat imports during calendar 1974: Frozen mutton, 20,000 metric tons (principally from Australia and New Zealand); chilled mutton, 4,000 tons (principally from Romania and Turkey); frozen beef, 2,000 tons (principally from France); and frozen chickens, 5,000 tons.

In the 12-month period March 21, 1973-March 20, 1974, Iran imported

822 head of cattle, of which 475 were from Israel and 347 from the United States, and 205,750 head of sheep, of which 177,857 were from Australia.

Imports of dried milk (powdered) totaled 5,076 tons, of which 3,029 were from the Netherlands; imports of milk in solid form were 1,831 tons, of which 746 were from the United States and 426 from New Zealand; butter imports were 7,518 tons, chiefly from Romania and West Germany; fresh white cheese imports—mainly from Bulgaria—amounted to 1,392 tons; and imports of other cheese totaled 576 tons.

Iran's imports of poultry totaled 38 metric tons in the same period, of which 15 tons came from Israel; imports of bovine meat totaled 408 tons, of which 281 tons came from Australia and 27 tons from France, and imports of sheep and goat meat amounted to 12,155 tons, of which 5,854 were from Australia, 3,238 tons from New Zealand, and 2,816 tons from Turkey. Poultry meat imports of 2,848 tons were chiefly from West Germany.

—Based on report from

DALE K. VINING
U.S. Agricultural Attaché, Teheran

Costa Rica's Crop Value Up Sharply

Costa Rica's agricultural production in 1974 was nearly a third greater in value than that of 1973, but the increase was largely a result of sharply higher export and domestic prices. Outturns of most farm products were smaller than in the previous year, according to a recent report of the Central Bank of Costa Rica.

The value of coffee production in 1974 was 27 percent higher than it had been in 1973, although production during the calendar year was 1 percent below that of 1973.

Higher banana export prices resulted in a 27.2 percent increase in the value of production, even though outturns were 11.7 percent below those of the previous year.

Sugarcane production declined during the calendar year by 58,886 metric tons compared with outturns of the previous year, but higher export prices resulted in a higher total crop value.

The value of grain production was 31 percent higher than in 1973, chiefly because of higher prices to producers. Rice was the only grain to show a rise in volume of production. Corn and bean outturns decreased by 12.2 and 6.9 percent, respectively.

Beef cattle production increased 12.5 percent in value in 1974 as compared with that of 1973—a slower rate of growth than the 30.5 percent gain recorded in 1973 over the 1972 level of production. This declining rate of expansion resulted from lesser increases in prices during 1974 as compared with 1973. The volume of production increased 4 percent from 1973 to 1974.

The value of cocoa production rocketed by 90.7 percent in 1974 compared with 1973 value—the result of sharply higher export prices. Volume rose by only 4.5 percent.

Tobacco outturns increased 55 percent in volume as a result of increased plantings and higher yields.

The value of milk production climbed 50.7 percent because of higher prices and an expansion in output of nearly 14 million liters over year-earlier levels of production.

—Based on a report from
Office of U.S. Agricultural Attaché
San José

United States Ranks No. 2 as Source of U.K. Farm Imports

THE EUROPEAN COMMUNITY boosted its share of U.K. agricultural imports in calendar 1974, compared with those of 1973, while imports from some traditional suppliers—especially Australia, but also New Zealand and Argentina—declined. EC sales put the Community solidly in first place.

The U.S. share of the U.K. market remained steady, but after adjustments are made to compensate for transshipments of U.S. grains and soybeans by Canada and some EC countries, the U.S. share is somewhat larger.

On an unadjusted basis, the enlarged EC (minus the United Kingdom) supplied 39.4¹ percent of U.K. farm imports valued at \$4.2 billion (based on an exchange rate of £1=US\$2.43), while the original EC-Six had a 24.3 percent share worth about \$2.6 billion. The United States had 8 percent of the market, with shipments totaling \$851.1 million. Other major suppliers of U.K. farm exports in 1974, with value in millions of dollars and market share in percentages (given in parentheses), were: New Zealand, \$580.6 (5.4); Canada, \$514.9 (4.8); South Africa, \$357 (3.3); Australia, \$33.7 (3.1); Brazil, \$319.7 (3); and Spain, \$230, (2.2).

By subtracting from the Netherlands and Belgian totals grains and oilseeds believed to be of U.S. origin—and corn and soybeans from Canada falling in the same category—and making adjustments in U.K. imports from those countries and from the United States, U.S. shipments to the United Kingdom are seen to be 4.2 percent greater than the unadjusted market share—12.2 percent of the U.K. import total compared with 8 percent.

Those of the EC (without the United Kingdom) are reduced 4.1 percent to 35.3 percent and those of the original six-member EC drop by 4 percent to a 20.3-percent market share.

When the 1974 imports (adjusted basis) are compared with the adjusted

figures for 1973, the market shares of the enlarged EC and the EC-Six, the United States, Canada, Brazil, and Spain are all greater than last year's totals. Those of New Zealand, South Africa, and Australia are smaller.

While this is admittedly an unsophisticated way to determine the true market share of the various suppliers, this method puts into truer perspective the size of actual U.S. shipments.

In the case of transshipments via Netherlands and Belgian ports, the recalculated U.S. total may be slightly higher inasmuch as grain of Canadian and Argentine origin, some grain grown in the EC, and probably some Brazilian soybeans pass through these facilities. For Canada, however, the method of calculating transshipments of U.S. products through that country's ports is probably more accurate.

Between 1968 and 1974, the U.S. share of U.K. imports stood at 8-9 percent,² and during that time the United States had been in second or third place in order of importance, usually a little behind the Community and, on occasion, a hairbreadth after

"U.K. imports of French cereals rose from \$58.8 million in 1970 to \$341.2 million in 1974."

New Zealand. In 1974, the sudden deterioration of New Zealand's position as a supplier of U.K. farm imports put the United States firmly into second place with its 8 percent share of the United Kingdom's total agricultural import trade.

U.S. strength continues to lie in cereals, tobacco, and oilseeds and oilseed products, but with a broadly based foundation right across the agricultural spectrum.

In 1974, the United States was the United Kingdom's largest single source

¹ All figures hereafter deal with unadjusted shipments.

of supply for feedgrains, soybeans, and leaf tobacco—commodities for which the United States has the reputation for being a plentiful and reliable source, despite last year's fears that the United States would impose export controls. So long as the EC does not increase its discrimination against U.S. soybeans and tobacco, these U.S. commodities should continue to insure the United States a large share of the U.K. market.

In feedgrains, however, the U.S. share in real terms has been eroded somewhat by the United Kingdom's larger wheat production and imports of feed wheat and corn from other Member States. In the face of these developments, the United States has a large stake in U.K. discussions with the EC to maintain as unrestricted as possible channels of traditional import trade. The outcome of these talks could have a direct bearing on the size of U.K. imports of U.S. feedgrains, tobacco, and soybeans.

Most of the increased dominance of the EC as the United Kingdom's major supplier resulted from higher imports from the original EC Six, particularly France. The market share of U.K. farm imports from the six original EC countries has advanced rapidly during recent years. In 1970 it was 10.9 percent; in 1971, 12.6 percent; in 1972, 13.2 percent; in 1973, 17.6 percent; and in 1974 it reached the current peak of 24.3 percent.

Fifteen years ago, in 1960, France supplied only 1.3 percent of U.K. agricultural imports and even as recently as 1968 only 2.2 percent. Since then the growth in U.K. trade with France has accelerated rapidly, with the French proportion climbing to 2.9 percent in 1970, to 3.2 percent in 1971, but slowing to 3.3 percent in 1972.

In 1973, France's share rose sharply to 5.3 percent and in 1974 to 7 percent. Much of the gain came from U.K. imports of French cereals, which rose in value from \$58.8 million as recently as 1970 to \$341.2 million in 1974. Between 1973 and 1974, the value of imports of French grain went up by nearly 80 percent from \$192.5 million.

While some of this gain admittedly was because of higher prices, there has been a significant rise in U.K. imports in real terms from 910,000 tons in 1970 to 1.71 million in 1973, to 2.16 million tons in 1974. Last year, however, there was a one-third reduction in U.K.

¹ Percentage totals may be affected slightly by rounding.

imports of French wheat to 702,000 tons, but receipts of French corn were up by 57 percent to 882,000 tons. Those of barley registered a nearly sevenfold increase to reach 575,000 tons.

Another area of farm trade in which the European Community is a major supplier is in the dairy products sector. This has been achieved in part because of accession to the EC of Denmark and Ireland, longtime exporters of dairy products, but also because of the improved accessibility for dairy products produced in the EC-Six.

As recently as 1970, the original EC members provided only \$42.1 million worth (9.5 percent) of total U.K. dairy imports of \$450.8 million. By 1973, the Six's share of U.K. dairy imports was slightly more than 24 percent—\$141.1 million out of \$547.7 million—while in 1974 the United Kingdom imported from the Six \$397.7 million of dairy products—46 percent of the \$823.1 million total.

As an example of the increase in real terms, U.K. imports of butter from the original Community members in 1970 amounted to 28,000 tons; by 1973 these were up to 72,000 tons, and in 1974 to 187,000 tons under the stimulus of the EC import and consumer subsidies.

Membership in the Community of Denmark and Ireland has also meant that the eight members in recent years have become by far the largest supplier of U.K. imports of livestock and meat products. Last year, the 1974 embargo placed on beef imports from non-EC countries was accompanied by a doubling of U.K. imports of Irish beef, rising in real terms from 43,000 tons to 93,000 tons and a rise in the value of Irish meat products imported from \$138.1 million to \$243 million.

Another boost in the EC share of U.K. farm imports in 1974 came from the shortfall in shipments of sugar from traditional Commonwealth suppliers and a compensating steep rise in imports of refined beet sugar from the Community. The latter went up from 16,000 tons worth \$4.1 million in 1973 to 322,000 tons worth \$155.1 million in 1974.

Accompanying the rapid rise in the importance of the EC as supplier of U.K. imports was the sharp diminution in the role of two of the United Kingdom's longstanding traditional Commonwealth suppliers, New Zealand and, more particularly, Australia.

In 1974, New Zealand maintained its position in third place, but its share of the total fell from 7.6 percent to 5.4 percent: in 1960, New Zealand had provided 9.4 percent of the total and as recently as 1970 its share was 8.4 percent.

Almost all of this reduction in the importance of New Zealand has been in the dairy sector. In the heyday of New Zealand's dominance, that country provided nearly 40 percent of the United Kingdom's dairy products. As recently as 1970, 35 percent of U.K. dairy imports were of New Zealand origin, but by 1973, the percentage was down to a little under 30 percent, and in 1974 to only 16 percent.

In 1960, Australia was the third most important supplier of agricultural products to the U.K. market, with its 8.8

**"In 1974 New Zealand's
share fell to 5.4 percent
. . . Australia's was down
to 3.1 percent . . . Canada's
rose to 4.8 percent."**

percent of the total surpassed only by those of the United States and New Zealand. By 1970, Australia had slipped to fifth place behind the EC-Six, the United States, New Zealand, and Denmark, but it still provided 7.2 percent of total agricultural imports. By 1973, Australia's share was down to 5.8 percent, and in 1974, Australia was down to sixth place—even behind Canada and South Africa—providing only 3.1 percent of the total.

In 1974, Australia was particularly hard hit by the limiting of beef imports from non-Community members, with the value of its meat sales to the United Kingdom dropping from \$227.6 million in 1973 to only \$87.2 million last year. The volume fell from 86,000 tons of beef to only 23,000 tons. Imports of Australian dairy products have almost disappeared and were worth only \$219,000 in 1974, compared with \$57.6 million as recently as 1970.

As an indication of the size of this slump, the United Kingdom purchased 65,000 tons of Australian butter and 11,000 tons of cheese in 1970. In 1974, arrivals of butter were 36 tons and of cheese, 2 tons. This situation is largely the result of the United Kingdom's transitional arrangements for entry into

the Community under which special provisions were made for the continuation of relatively large imports of dairy products from New Zealand, while no similar provisions were instituted for Australia.

U.K. imports of other major products where Australia has had a strong stake have also slumped dramatically in recent years.

Imports of Australian grain in 1974 were worth only \$26.8 million, compared with \$32.2 million in 1973 and \$98.3 million in 1970. The United Kingdom has not imported any Australian wheat since early 1973; but as recently as 1970, Australia was the second largest supplier of wheat to that market after Canada, shipping 1.16 million tons.

In the fruit sector, the value of imports from Australia fell to only \$57.3 million in 1974 against \$82.4 million in 1973.

Lastly, in the wool sector, imports from Australia in 1974 fell to only \$55 million, compared with \$72.8 million in 1973. Australia has suffered much more from the falloff in U.K. demand for wool than have New Zealand and South Africa.

The third most important traditional supplier of agricultural products to the U.K. market has been Canada, which continues to benefit from its position as the United Kingdom's major supplier of hard wheat. High wheat prices in 1974 helped to maintain Canada's position in the top three as the Canadian share of the total rose slightly from 4.6 percent in 1973 to 4.8 percent in 1974.

Another major feature of the U.K. agricultural import trade in recent years has been the rise in the importance of Brazil, and more recently, of Spain. In calendar 1973, Brazil for the first time became one of the leading suppliers of agricultural products to this market, mainly because of increased shipments of, and higher prices for, coffee and cotton.

In 1974, although its cotton exports to Britain declined to almost nothing, Brazil emerged as one of the United Kingdom's major suppliers of soybeans. Imports of Brazilian soybeans in 1974 amounted to 144,000 tons, rising from approximately 11,000 tons in 1973 and some 25,000 tons in 1972.

—Based on report from
Office of U.S. Agricultural Attaché
London

India Seeks Improved Yields In Dairy, Poultry Industries

By IVAN E. JOHNSON
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INDIA's cattle and buffalo milk cows, whose per animal milk yields are among the world's lowest, are moving toward improved output through scientific crossbreeding. However, such efforts are meeting resistance from farmers, who are dissatisfied with the performance of crossbred males as draft animals.

Poultry and fish outturns are increasing substantially, thus adding to the country's total food supply.

With the number of India's cattle and buffalo estimated in the official Government livestock and poultry census of April 15, 1972, at 237-239 million, India has the largest numbers of these animals of any country. There are two head of cattle or buffalo for every five persons in India.

Bullocks—and in some areas, camels and buffalo—provide the bulk of the power for farming operations in the country and a substantial percentage of the motive power for rural transportation.

About 50 million cows and 28 million buffalo over 3 years of age were kept for milk production in 1974, according to estimates. Average annual milk yield from the *Bos indicus* cow is only 346 pounds, and from a buffalo cow 1,111 pounds. Some buffalo cows, however, yield as much as 3,307 pounds of milk per lactation period.

About 55-60 percent of India's milk production is from buffalo cows, and the fat content of their milk is 6-8 percent. About 90 percent of the country's total milk supply comes from animals owned by small farmers, who usually sell 7-9 pounds of milk per day.

The largest herd of Murrah milk buffalo in India is located a few miles from Bombay at the Aarey Milk Colony. This herd consists of 8,000-9,000 milk buffalo, and total milk production in 1973-74 is officially estimated at 23.2 million tons, compared with 17.5 tons in 1951.

Average per capita availability of milk is estimated at 4 ounces per person daily, compared with the minimum nutritional requirements of 10 ounces recommended by the Nutrition Advisory Committee of the Indian Council of Medical Research.

Because of low milk yields per animal, improvement in milk production has become the objective of researchers and those concerned with human nutrition. Experiments in crossbreeding, using imported dairy breeds on native cows, are being carried on at the Indian Veterinary Research Institute at Izatnagar, Uttar Pradesh; the National Dairy Research Institute, Karnal, Haryana; and at a number of agricultural universities.

Imports of frozen semen are allowed on an ad hoc basis, subject to approval by the Ministry of Agriculture and Irrigation. The country now has several frozen semen stations, established with assistance from the United Nations Food and Agriculture Organization and the Danish International Development Agency.

Although the number of crossbred offspring is rising substantially, dissatisfaction of farmers with these animals as a source of motive power presents a restraint against development of the crossbreeding program.

India's major dairy products include ghee (clarified butter in semiliquid form), dahi (curd), butter, khoa (partially evaporated milk used primarily in candy), khurchan (clotted milk solids obtained by scraping flakes from sides of open evaporating pans), and ice cream.

IN EARLY 1974, 141 dairy plants were in operation, including 79 liquid milk plants, 12 milk products factories, and 50 pilot milk schemes—dairy centers. Average daily output of milk from all dairy plants was 2.88 million liters in 1973-74, compared with 2.9 million in the previous year.

The National Dairy Development Board in cooperation with the World Food Program has formulated an ambitious program of dairy development called "Operation Flood" to supply additional milk to major metropolitan areas such as Delhi, Bombay, Calcutta, and Madras. WFP agree to supply—free of charge—over the 5-year period 1970-75 126,000 tons of nonfat dry milk and 42,000 tons of butter oil, valued at about \$56 million.

The sale of these supplies, converted into liquid milk by the public sector processing plants in Bombay, Calcutta, Delhi, and Madras, was expected to generate about \$125 million to be plowed back into developing milk production and building the necessary procurement infrastructure.

However, due to shortfalls in WFP supplies and domestic procurement, progress has been slow, and it is now anticipated that the program will be completed by June 1977—2 years later than anticipated.

BEF is omitted—for religious reasons—from the diets of most of India's Hindus, who comprise about 80 percent of the country's population. Slaughter of cattle is banned in many states and slaughter of animals under 15 years is prohibited in most states. There is less prejudice against slaughter of buffalo, and it is estimated that about 580,000 of these animals are processed into meat annually. Commercial imports of beef are not normally allowed.

Goats are a major source of meat, and supply milk and leather. The country's 69 million goats in 1974 produced about 255,000 tons of meat.

Of India's 40.5 million sheep, about 24 million are hair sheep, which produce little or no wool, and are kept for mutton production. These animals inhabit the southern and eastern regions of the country, and produce about 115,000 tons of meat annually.

Production of raw wool, in 1973-74 is estimated at about 30,100 metric tons, greasy basis. About 43 percent of the wool is apparel type, and about 57 percent is carpet quality.

Poultry population in India increased from 115 million birds in 1966 to 137 million in 1972, and to an estimated 145 million in 1974. Most of India's poultry birds are of nondescript, scavenger-type, indigenous breeds. Improved birds of exotic types form a relatively small but rising proportion of

the country's poultry population.

The number of laying hens is estimated at 68-70 million, including about 32 million improved types. In addition, there are about 6 million egg-laying ducks and other birds. Total egg production in 1973-74 is estimated at 7,228 million, compared with 6,040 million in 1971/72, and 2,882 million in 1961/62. The average-size poultry flock in India is 5-10 birds, but in recent years a number of private, commercial farms, each with 5,000-10,000 layers, has been established in and around urban areas.

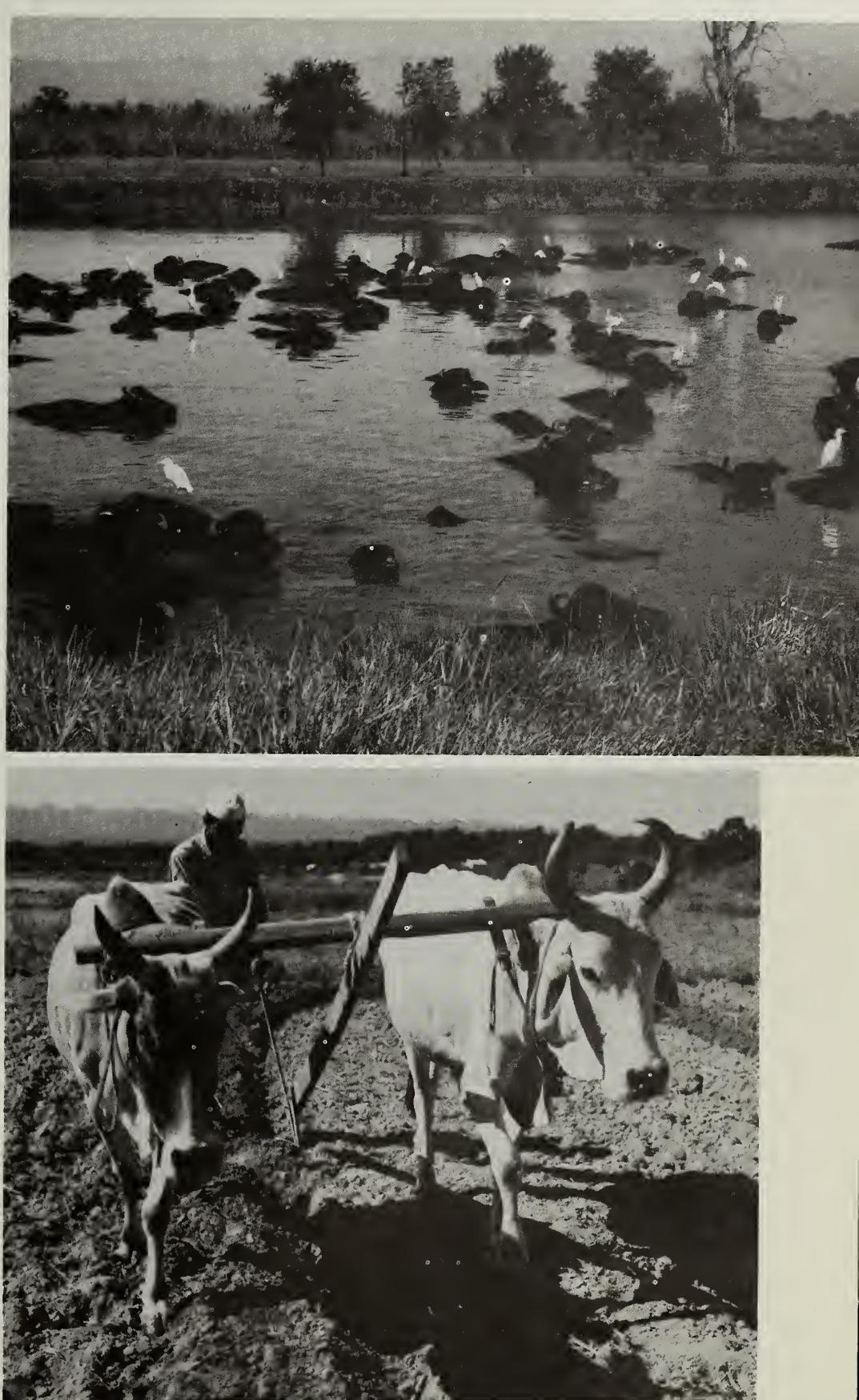
The Government has established three central poultry breeding farms (at Bangalore, Bombay, and Rhopal) and two regional poultry farms (at Delhi and Kamlahi) to raise improved breeds of birds and distribute them for breeding purposes to the 24 Government and private poultry farms in their respective regions.

Also, a number of poultry extension centers have been established to train poultry workers and for distribution of hatching eggs. As of April 1, 1974, there were 81 intensive egg and poultry production-making centers in different parts of the country, providing facilities for setting up commercial units near cities and industrial townships.

Two poultry dressing units have been established in the public sector—one at Poona, with a capacity of 8,000 birds per day, and one at Chandigarh, with a capacity of 4,000 birds. Fifteen smaller poultry dressing plants, each with a capacity of 2,000 birds per day, have been obtained from Australia under the Freedom from Hunger program and have been established in various states.

THE TOTAL commercial catch of fish from marine and inland sources in India in 1973/74 is estimated at 2.27 million tons, compared with 1.84 million tons in 1972/73—an increase of about 23 percent. In addition to these commercial catches, about 1 million tons of fish are estimated to be available annually from noncommercial catches.

Ice and cold-storage plants are being built in different states to facilitate movement of fresh fish to consuming centers. India has slightly more than 1 million adult commercial fishermen and about 200,000 fishing craft, of which 9,300 are motor boats. The sea supplies most of the total catch.



Top: Water buffalo cooling off in Indian village pond. Such animals are kept for milk as well as for draft purposes. Above: Indian farmer plowing with oxen, a major source of power for many of India's farmers.

Romania Moves To Revamp Its Lagging Agriculture

By MILES J. LAMBERT

Foreign Demand and Competition Division
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TWO YEARS OF malevolent weather and resulting crop damage have literally brought a halt to Romania's agricultural growth, increasing its dependence on imports of needed raw materials. These developments, in turn have given a note of urgency to Romanian efforts now underway to improve the efficiency of its agriculture, including increased incentives to workers and expanded investment in collective and private farms.

The agricultural problems of Romania are readily reflected in a farm output that rose only 1 percent in 1973 and not at all in 1974, compared with a 15-percent gain in last year's industrial production. While this stagnation is largely the result of crop setbacks caused by bad weather, it also reflects a low labor productivity—only about one-third that of industry.

Chronic underemployment of rural labor in collective and private farming accounts in part for this. However, a lagging performance of State farms, even those in choice regions, has also been a worrisome problem—indicating a declining productivity of capital investment—since State farms are the country's most capital intensive agricultural units. Some 360 of these farms occupy 30 percent of Romania's farmland, compared with the 4,500 collective farms on 61 percent. The remaining 9 percent of the land is worked by private farmers, most of whom live in the mountain areas.

These productivity problems are especially severe for crops, while livestock productivity, although still among the lowest in Eastern Europe, has been gradually improving. One apparent contribution to this improvement was the development of Inter-

This is the second of two articles on Romania's agricultural production and trade. The first, focusing on Romanian farm trade with the United States and prospects for key Romanian crops, appeared in the August 18 issue of *Foreign Agriculture*.

Cooperative Associations (ICA's) in the early 1970's to bring about horizontal cooperation between State and collective farms. Between 1970 and 1973, 533 of these associations were formed, 450 of which specialized in raising and fattening livestock.

The Romanian Government has supported agricultural investments through direct subsidies to State farms and long-term credits extended by the Bank of Agriculture and Industry. State farms have received the bulk of investments, but the Government is now inclined to end this disparity, stimulating agriculture generally and improving the returns to capital employed in agriculture.

ORGANIZATIONAL measures designed to combat shortfalls on State farms include tying management's earnings directly to farm performance and requiring management's residence on the farms.

In addition, promises of greater pay to laborers for overfulfillment of goals have been made, although they may remain only promises in view of the consistently exaggerated goals at all levels of agriculture.

Also, earnings of farm workers are becoming more dependent on the results of individual efforts, achieved through a new team system in which each team is responsible for fulfilling a plan on a specified tract of land. On the surface, this move appears to be a decentralizing factor. However, a greater part of the planning is to be done at the level of the Central Government.

There are at least three new ways in which central authority can be extended over collective farms:

- By increasing responsibility of the mechanization units—agents of the State—in the organization of labor. (Romania is the only East European country retaining vestiges of the network of farm machinery stations that are owned by the State and not by the

country's collective farms.

• By extending direction by State organizations over some of the ICA's.

• Through the requirement that collective farms participating in State irrigation projects allow the Central Government to determine how the land should be used.

A chronic drawback to Romanian agricultural progress has been the low level of inputs—among the lowest in Eastern Europe. However, this is improving gradually as a result of Government efforts to stabilize agricultural output in the face of erratic weather recently. Agriculture received 12.4 percent of Government investments in 1971-73, compared with a planned level of 14.2 percent.

Mechanization, land amelioration, and housing for livestock are the main areas of Government investment. Mechanization is to be extended, particularly for corn, potatoes, and sugarbeets. Yet Romania exported 71 percent of the tractors it produced in 1973. This apparent paradox is explained by foreign exchange needs, trade balance motivation, and obligations to CEMA (Council for Economic Mutual Assistance: Hungary, Bulgaria, Czechoslovakia, East Germany, Cuba, Mongolia, Poland, Romania, and the USSR).

In the Government's 5-year plan for 1976-80, about 50 percent of investment in agriculture will be for soil improvement—irrigation, drainage, and antierosion measures. Irrigation will receive the greatest share. About 2.7 million acres—11 percent of the arable land—were under irrigation in 1973, compared with 1.6 million acres in 1970.

TOGETHER WITH irrigation extension, fertilizer production and consumption are to be increased. New production capacity is being readied, and more is planned. Considering its favorable position with respect to two essential inputs—petroleum and natural gas—the country may be able to supply future nitrogen fertilizer needs fully while maintaining exports.

Romanian agricultural planners are also considering ways to expand crop output by conserving land and bringing more land into productive agricultural use, including consolidation of villages, restriction of urban sprawl, constriction of horizontal land space used by new buildings, and the assignment to agricultural use of unused land held by

Continued on page 16

CROPS AND MARKETS

COTTON

World Cotton Trade Looks Up

The outlook for a moderate increase in world cotton consumption, beginning in late 1975 or early 1976, should encourage an increase in world trade. However, larger than adequate cotton supplies in foreign exporting countries next season—possibly priced below U.S. cotton if current trends continue—could discourage strong improvement in U.S. cotton exports in 1975/76.

Moisture conditions in July in the cotton producing regions in the People's Republic of China were reportedly good. Area planted to cotton may be higher than a year earlier.

TOBACCO

EC To Auction Surplus Tobacco

The European Community Commission on July 11 opened an invitation to tender for the sale of 21.3 million pounds of surplus tobacco being held by the Italian intervention agency. The tobacco must be exported.

Burley and oriental from the 1971 crop make up 17 million pounds of the total offered. Also included are 1.4 million pounds of 1970 crop Maryland and dark air-cured leaf. This tobacco is left over from a similar auction of surpluses held last summer.

The Commission will announce acceptance of successful bids following the September 5 closing date for tenders. If the bids accepted follow the pattern for last year's auction, the tobacco will be exported at prices below production costs.

British Report on Synthetic Tobacco

The long-awaited Hunter Committee guidelines on use of synthetic tobacco substitutes in cigarettes were released in the United Kingdom on July 24.

According to the press, the report made manufacturers responsible for any health consequences from marketing synthetic products and set stringent tests to avoid mishaps.

The report lays down test guidelines in three stages: Tests of the smoke chemistry of synthetic products, along with intensive studies of effects of 16 specified substances in such smoke; short-term studies to test irritancy of smoke—including strictly limited consumer acceptability tests, if the company wishes; and longer term and wider ranging studies to assess effects over a prolonged period.

Committee approval of evidence from the first two stages will enable a company to launch its products and begin last stage studies.

The report also addresses the question of putting additives (flavorings) in cigarettes. Under proposed guidelines on additives, companies will have to get Hunter Committee clearance before marketing tobacco containing additives.

The effect that synthetics use will have on natural tobacco sales are farreaching, but still unclear. It appears in view of the stringent guidelines set forth in the Hunter Committee report that large-scale use of synthetic products in the United Kingdom may be some time in coming. But approval of such products and acceptability by consumers could mean some displacement of natural tobacco. Substitutes, however, initially may affect demand for neutral filler tobacco more than demand for full-flavored leaf such as that from the United States.

Approval of additives, on the other hand, could enable manufacturers to mask the objectionable characteristics of poorer quality tobacco resulting in greater use of cheaper tobacco to the disadvantage of high-quality U.S. leaf.

DAIRY, LIVESTOCK, AND POULTRY

U.S. Cheese Imports Drop

U.S. imports of cheese have been crimped by countervailing duty actions. In the first half of 1975, quota cheese imports were down 85 percent and nonquota imports were running only about two thirds of year-earlier levels. This sharp decline reflects the large decrease in cheeses from the European Community that had previously been subsidized.

Shipments of EC emmentaler totaled 1.1 million pounds during the first half of 1975, compared with 13.8 million pounds during the same period in 1974.

EC Ponders NFDM Surplus

The European Community Commission recently proposed several measures to combat the "imbalance between production and consumption" of dairy products, including:

- Boosting 1975 nonfat dry milk (NFDM) donations for food aid from 55,000 to 70,000 metric tons;
- Lowering the NFDM price for charitable institutions and developing countries to one-quarter the intervention price—or to about 19 cents per pound;
- Increasing subsidies to return liquid skim milk to farmers for feed use; and
- Raising subsidies to encourage greater use of NFDM in feeds for nursing animals.

Regardless of what proposals are finally accepted by the EC, expenditures on milk support programs are almost certain to rise substantially.

Breeding Cattle Credit Set for Spain

The U.S. Department of Agriculture has announced a new \$3-million line of CCC credit to finance export sales of beef and dairy breeding cattle to Spain.

Credit terms provide for 36-month financing with equal

annual payments of principal plus accrued interest. The guarantor is the Banco/Hispano-American and/or other eligible banks.

The export authorization period for this line of credit is effective through July 31, 1976.

Sales entered into prior to August 15, 1975, will not be eligible for financing.

OILSEEDS AND PRODUCTS

Liberian Palm Plantations Studied

Liberia recently signed an agreement with the Government of the Ivory Coast under which technicians from the Ivory Coast will conduct feasibility studies for new plantations totaling 150,000 acres of oil palms and 20,000 acres of coconut palms. The possibility of establishing coffee and cocoa plantations, totaling 25,000 acres, also will be included in the study plan.

The project, costing \$500,000, will identify three areas of 7,500 acres each for the development of commercial oil palm plantations totaling 22,500 acres, with a surrounding area of 127,500 acres for village or smallholder oil palm estates. Also, suitable areas are to be found for village coconut plantations totaling 20,000 acres and for coffee and cocoa plantations as well.

The study is to include financial arrangements for carrying out the plan during the first phase of Liberia's Development plan—1976-1980—except for 112,000 acres of village oil palms to be completed after 1980.

West German Rapeseed Crop Down

The 1975 rapeseed crop in West Germany is estimated at 230,000 metric tons, down 19 percent from last year's outturn of 280,000 tons. This year's crop has been adversely affected by weather conditions and winterkill.

Farmers in West Germany shifted to low-erucic acid rapeseed (LEAS) varieties for 1975 production. Yields from these varieties normally are somewhat lower than for regular rapeseed. However, the estimated erucic acid content of this year's crop is about 7 percent instead of the expected 5 percent or less, because of cross-pollination with regular rapeseed.

No EC Ban on Grain to Soviets

Contrary to recent press reports, the European Community Commission reportedly has taken no direct measures to prevent the Soviets from buying any quantities of EC wheat or other grains. According to trade sources, however, the EC Commission is not expected to consider sales of grain to the USSR until September at the earliest.

No decision on selling large amounts of grain to any third country is expected by the Commission until there are clearer indications of this year's crop, threatened in some places by the current severe dry spell.

The EC has taken measures to tighten grain exports by eliminating the export subsidy to all destinations and by cutting the time period for export-license validity from 90 to 30 days.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam.

Item	Aug. 18	Change from previous week		A year ago
		Dol. per bu.	Cents per bu.	
Wheat:				
Canadian No. 1 CWRS-13.5	5.76	+13		5.92
USSR SKS-14	(¹)	(¹)		(¹)
French Feed Milling ²	3.90	+11		(¹)
U.S. No. 2 Dark Northern Spring: 14 percent	5.29	+20		5.60
U.S. No. 2 Hard Winter: 13.5 percent	5.13	+10		5.33
No. 3 Hard Amber Durum	6.84	+36		7.21
Argentine	(¹)	(¹)		(¹)
U.S. No. 2 Soft Red Winter	4.28	+36		(¹)
Feedgrains:				
U.S. No. 3 Yellow corn	3.72	+22		4.00
French Maize ²	3.82	+18		(¹)
Argentine Plate corn	4.28	+4		4.27
U.S. No. 2 sorghum	3.58	+35		3.75
Argentine-Granifero sorghum	3.61	+33		3.78
U.S. No. 3 Feed barley	3.28	+42		3.27
Soybeans:				
U.S. No. 2 Yellow	6.69	-20		8.29
EC import levies:				
Wheat64	-33		0
Corn28	-18		0
Sorghum40	-34		0

¹ Not quoted. ² Basis c.i.f. west coast, England

NOTE: Price basis 30- to 60-day delivery

Rains Help Australian Wheat, Prompt Further Sale to USSR

Badly needed rains in Australia's southern wheat belt—southern New South Wales, Victoria and South Australia—have brightened the crop outlook considerably, raising prospects about a million tons above those of a month ago. With a 10-10.5 million-ton harvest now likely, the Australian Wheat Board announced on August 19 the sale of an additional 250,000 metric tons of wheat to the USSR. Like the sale of 750,000 metric tons made in July, this purchase was on an f.o.b. basis, for shipment September 1975-May 1976. No prices were given.

Although approval was given in March for the importation of 100,000 tons of corn, Yugoslavia probably will not have to import any of the 1975/76 marketing year. In 1974/75, Yugoslavia was self-sufficient in corn, but 332,000 tons of wheat were imported, including 88,000 tons from the United States.

Poland's Grain Prospects Worse

This year's total grain production in Poland is now officially estimated at 8-10 percent below 1974's record output of 21.5 million metric tons. Reduced crop prospects are attributed to poor weather during the growing season, which prevented grain from properly heading out.

Poland may be forced to increase its grain purchases from the United States and Canada because of the poor grain crop in the USSR—a traditional supplier—and the likelihood of reduced imports from that country.

The United States supplied almost a quarter of Poland's estimated grain imports of 3.6 million tons in the 1974/75 July/June year.

Heavy Feedgrain Trading in Rotterdam

The first two weeks in August have witnessed heavy—even hectic, at times—trading in feedgrains in the Rotterdam market with resellers, importers, and feed manufacturers involved in the action. On August 7, a particularly heavy day, 500,000 metric tons of feedgrains reportedly were traded; turnovers were mainly in U.S. corn with many sales specifying optional French corn.

Buying has been concentrated mainly on shipments from August through December, with only minor activity in 1976 shipment positions. Good quantities of U.S. sorghum also have been sold because of its low price relationship. For example, on August 4, U.S. No. 3 yellow corn (c.i.f. Rotterdam) for September delivery was \$144.50 per metric ton, compared with \$139 per ton for U.S. No. 2 sorghum (same basis).

The heavy trading is fueled by concern over feedgrain supplies in view of massive demand from world feedgrain users, especially in the East European countries. Continued drought in Europe also has been a contributing factor.

Crop Prospects Still Good in India

Prospects for India's fall grain harvest continue to be good although monsoon activity slackened somewhat in the first part of August. The overall performance of the monsoon, however, is substantially better than in the corresponding period of 1974.

Areas accounting for 84 percent of the total fall grain harvest have received normal to above normal rainfall during the June 1-August 6 period of this year, about double that for the comparable period in 1974. Crops have been damaged by flood in some areas, but it is generally believed that flood losses are localized and not unusual and that they will be more than offset by increased output in the rest of the country.

Some Indian Government officials are predicting a fall foodgrain output of 68-70 million tons (compared with a target of 69-70 million) considering the favorable monsoon, greater use of fertilizer, improved power and water supplies for irrigation, and greater availability of high-yielding seed varieties. Good precipitation, however, will be required through September to insure a good crop.

FRUITS, NUTS, AND VEGETABLES

Taiwan's Mushroom Output, Exports Down

Taiwan's 1974/75 fresh mushroom production is reported at 39,680 metric tons, down 33 percent from the previous year's level. This marks the lowest production volume since 1968/69. According to the Taiwan's Canners Association, the plunge in output is the result of a drastic reduction in cultivated area: 1.82 million ping in 1974, (one ping equals 36 sq. ft.), the lowest in 10 years, and unusually warm weather in the production areas, causing low yields.

Total canned mushroom production for 1974/75 is reported at 2.18 million standard cases, approximately 72 percent of the target of 3 million cases.

Exports for calendar 1974 are reported at 2.5 million cases. This is 26 percent below the goal of 3.4 million cases and 27 percent below the previous year's export volume. Taiwanese canners hope to export 3 million cases in 1975—1 million cases less than the previous target level.

GENERAL

World Weather Watch Through August 11

Record heat and lack of rain are affecting crop prospects in western Europe. Hot, dry weather returned to northern Europe and spread throughout western Europe in general. France had not had decent rain since the first week of July and this was rather typical of many other countries as well. Temperatures poked into the 90's—even in the Nordic countries. Spring grains, sugarbeets, pastures, and other crops are suffering. Although good rain soon could prevent heavy losses, production potential is being reduced daily.

Rain was widespread in Japan in the first week of August after several weeks of very dry weather. North and northeast China and Inner Mongolia also experienced considerable rainfall. In India the monsoon continues to perform well.

Recent rains relieved dry conditions in Canada's Maritime Provinces, arresting decline of potato prospects. It is likely that no potato producing country in Europe—East or West—will have a good crop this year, because of too much heat, drought, and flood. The USSR's crop might be an exception. The world potato crop bears watching.

Devastating thunderstorms in Spain's Leon Province August 3 caused severe crop damage, including, perhaps, loss of more than half of Spain's hops crop.

New Zealand Farmers Debate Plans

New Zealand's Federated Farmers Association debated the Government's income stabilization programs at its recent winter conference. Under the proposed programs, a maximum and minimum price would be set each year for a number of commodities. Payments would be made to farmers when prices fall below the minimum, and collected from farmers when prices exceed the maximum.

Although New Zealand's livestockmen are traditionally independent, depressed world livestock trade conditions may make the program more attractive. New Zealand's Minister of Agriculture has already met with the Wool Board to work out an "income smoothing" plan.



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FOREIGN AGRICULTURE

East Europe's Ports

Continued from page 5

ments from the Soviet Union, especially those in the direction of Rotterdam.

Yugoslavia and Greece are also negotiating a canal link that would connect the Aegean Sea, southern Yugoslavia, and the Danube.

New seaport and river facilities will not, however, solve the transportation problems facing Eastern Europe. Bulgaria, for example, suffers from serious shortcomings in its rail and road networks. These inadequacies have caused delay and even loss of agricultural products destined for export.

Refrigerated transport of agricultural goods is particularly important to the southern countries of Eastern Europe. At present, the numbers of refrigerated trucks and railroad cars are insufficient. CEMA schemes for cooperative endeavors, however, are providing partial solution through programs for pooling rolling stock. For Bulgaria, the need to borrow rolling stock has grown yearly. In 1973, 58 percent of refrigerated cars were leased.

The Bulgarian cities of Sofia and Plovdiv will share the weight of increased rail and truck shipments to and from countries to the north. Regular rail container service, with a capacity of 73 twenty-ton containers, began between Sofia and Moscow in November 1974. The Greek-Bulgarian agreement also calls for improving the railroad between Koulata in Bulgaria and Promakhon in Greece—part of the overland route to Salonika.

Highway reconstruction is to begin

between Sofia and Vidin, extending the Salonika-Sofia highway. The road from Komotini in Greece to Bulgaria's railroad at Byala, just south of Ruse, is also to become a major transportation artery. Thus, Ruse and Vidin, like other locations on the lower Danube, can serve traders as inland gateways to Eastern Europe.

Romanian Agriculture

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nonagricultural enterprises.

Of prime importance are the measures to use larger areas of land in the plains regions (mostly in the south and southeast) for crop production—corn in particular—and to make much greater use of mountain areas for livestock production and hilly areas for wheat.

Part of the reason for neglect of the upland areas may be found in one of the State's own policies—that of paying scant attention to private farms in the mountain areas with a resulting lag in their profitability.

But recent speeches of some State officials suggest that this situation is about to be improved.

Land amelioration projects are underway in several regions of the country. Two World Bank loans totaling \$100 million have been approved, each of which would pay half the costs of a 248,000-acre irrigation project and a farm development program on 191,000 acres of irrigated land. Both of these projects are located in the south. The United Nations Development Program also is taking part in technical aspects of a project involving irrigation in Transylvania.

Dutch Poultry Exports Slump

Increased West German broiler production has crimped Dutch broiler exports, which has in turn caused drastic cuts in the Netherlands' slaughtering and in parent stocks. While exports of other categories of slaughtered poultry were up substantially during the first 6 months of 1975, a 10-percent decline in broiler/griller exports resulted in a slump in total slaughtered poultry meat of 7 percent (to 102,000 tons, ready-to-cook), compared with the same period of 1974.

The 7,000-ton decline—about 7 percent—in slaughtered poultry exports to West Germany during the first of 1975 more than offset increased poultry exports to other European Community members. Exports to Italy reached nearly 1,500 tons (up more than 600 percent), shipments to the United Kingdom totaled over 1,700 tons (up from 68 tons during the first half of 1974), and exports to France exceeded 1,100 tons (up by over 160 percent).

The Dutch are also facing increased competition — mainly from Eastern Europe—in other important markets. During the first half of 1975, Dutch shipments to Switzerland fell 80 percent, compared with the first half of 1974 (from 1,000 tons to 215 tons), while exports to Singapore plunged 85 percent (from 1,300 tons to 201 tons).

In calendar 1974, the Netherlands exported 243,000 tons of poultry and products, three times more than France, the next largest EC poultry exporter.